

D.P.U. 95-4A

Application of Eastern Edison Company

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 115, for approval by the Department of Public Utilities of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months of March, April, and May 1995.

(2) for approval by the Department of Public Utilities of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. §§ 8.00 et seq.

The rules established in 220 C.M.R. §§ 8.00 et seq. set forth the filings to be made by electric utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

---

APPEARANCES: David A. Fazzone, Esq.  
McDermott, Will & Emery  
75 State Street  
Boston, Massachusetts 02110  
FOR: EASTERN EDISON COMPANY  
Applicant

D.P.U. 95-4A

I. INTRODUCTION

On January 20, 1995, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Eastern Edison Company ("EECo" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 115, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 115. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of March, April, and May 1995. These matters were docketed as D.P.U. 95-4A.

Pursuant to notice duly issued, a public hearing on the Company's application was held on February 22, 1995, at the Department's offices in Boston. Notice of the hearing was published by the Company in the Fall River Herald News, the Quincy Patriot Ledger, the Brockton Enterprise, and the Boston Herald. The Company also complied with the requirement to mail a copy of the notice of the hearing to persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. At the hearing, the Company sponsored two witnesses: Mark Sorgman, supervisor of rate administration for Eastern Utilities Associates Service Corporation, and Gail M. Hatch, power analyst

for Eastern Utilities Associates Service Corporation. The Company submitted one exhibit.

EECo is a wholly owned subsidiary of Eastern Utilities Associates ("EUA"), a utility holding company. EUA's other subsidiaries, affiliates of EECo, include Blackstone Valley Electric Company ("Blackstone") in Rhode Island, Newport Electric Corporation in Rhode Island, and EUA Service Corporation, which provides engineering, technical, and other services for EUA companies. Montaup Electric Company ("Montaup") is a wholly owned subsidiary of EECo and supplies power to EECo, Blackstone, and certain municipal electric utilities. EECo purchases all of its power requirements at wholesale from Montaup pursuant to rates regulated by the Federal Energy Regulatory Commission ("FERC"). Thus, EECo does not own or operate any power generation units of its own. EECo serves, on average, 204,000 customers in its service territory, which includes over twenty cities and towns in southeastern Massachusetts.

## II. FUEL CHARGE

On February 15, 1995, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for March, April, and May 1995. For these billing months, the Company proposes a fuel charge of \$0.01831 per kilowatthour ("KWH"). The proposed fuel charge is \$0.00065 per KWH higher

than the fuel charge of \$0.01766 per KWH approved by the Department in Eastern Edison Company, D.P.U. 94-4D (1994) for meter readings for the billing months of December 1994, and January and February 1995.

Mr. Sorgman stated that the increase in the proposed fuel charge is attributed to a forecast period average energy rate ("M-rate") which is 13.06 percent higher than the average energy rate forecast for the current period (Exh. EE-1, sec. 1, at iii). Ms. Hatch stated that the main factor contributing to the increase in M-rate fuel costs is a decrease in availability of nuclear units, which are scheduled for refueling during the forecast period ( id., sec. 2, at iv).

Offsetting the increase is an anticipated overrecovery of \$1,331,975 at the end of the current period instead of the forecasted overrecovery of \$411,226 contained in the prior filing (Exh. EE-1, sec. 1, at iii; Tr. at 8-9). Mr. Sorgman stated that the overrecovery in the current period can be ascribed to a decrease in the average energy rate of 7.1 per cent in the current period as well as to a decrease of 2.4 percent in purchases (Exh. EE-1, sec. 1, at iii). Moderating the anticipated overrecovery in the current period is a decrease in sales of 1.3 percent ( id.).

### III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the FERC in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during 1995:

<u>Energy Rates By Voltage Level (\$/KWH)</u>			
<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
(A) Primary	0.023868	0.019245	0.020270
(B) Secondary	0.024614	0.019897	0.020931

(Exh. EE-1, sec. 2, at 32).

#### IV. FINDINGS

Based on the record in the case, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of March, April, and May 1995 shall be \$0.01831 per KWH. (The calculation of the fuel charge is shown in Table #1 attached to this order.)

2. that the qualifying facility power purchase rates for March, April, and May 1995 shall be the rates set forth in Section III above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Eastern Edison Company is authorized to put into effect a quarterly fuel charge of \$0.01831 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meter readings for the billing months of March, April, and May 1995 subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That the Company's Qualifying Facility power purchase rates for the billing months of March, April, and

May 1995 shall be those set forth in the Table on page 4 of this Order; and it is

FURTHER ORDERED : That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is



FURTHER ORDERED : That the Company, in all future fuel charge proceedings, shall provide the Attorney General and all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department.

By Order of the Department,

---

Kenneth Gordon  
Chairman

---

Mary Clark Webster  
Commissioner